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FM AMEMBASSY MANAGUA
TO RUEHC/SECSTATE WASHDC 3820
INFO RUEATRS/DEPT OF TREASURY WASHINGTON DC
RUEHZA/WHA CENTRAL AMERICAN COLLECTIVE

UNCLAS MANAGUA 000228

STATE FOR WHA/CEN, EB/IFD/OIA, AND L/CID
STATE ALSO FOR WHA/EPSC
STATE PASS TO USTR
TREASURY FOR INL AND OWH

SIPDIS
SENSITIVE

E.O. 12958: N/A
TAGS: [EINV](#) [ECON](#) [USTR](#) [KIDE](#) [NU](#)
SUBJECT: NICARAGUA: GON "RECONFISCATES" U.S. CITIZEN PROPERTY

REFS: A) 08 MANAGUA 1546, B) 08 MANAGUA 1244

SUMMARY

1. (SBU) The Government of Nicaragua (GON) has recently sent notices to several U.S. citizens to "reconfiscate" their properties. The notices said the administrative action had been based upon Decrees 3 (1979) and 38 (1979), which authorize the confiscation of property belonging to the Somoza family and their allies. With this action, Attorney General Estrada has broken his pledge issued in our bilateral review of December 2008 (Ref A) not to review previously settled claims. The decision to review previously settled U.S. citizen claims is a serious setback to our efforts to resolve U.S. citizen cases. End Summary.

RECONFISCATION OF RESOLVED CLAIMS

2. (SBU) In February, two U.S. citizens informed the Embassy Property Office that the National Confiscations Review Commission (CNRC) had notified them that their previously resolved claims had been ruled null. The notices said the administrative action had been based upon Decrees 3 (1979) and 38 (1979), which authorize the confiscation of property belonging to the Somoza family and their allies.

3. (SBU) On February 3, U.S. citizen Otto Zamora reported that he received a CNRC notification stating that his two claims had been dismissed under Decree 38. Mr. Zamora had already received indemnification bonds (BPIs) for one of his claims ten years ago and was waiting to settle the other claim. He believes that he will be forced to return the bonds he received, and that his pending claim will be dismissed.

4. (SBU) On February 10, U.S. citizen Frances Guillen received a CNRC notification dated July 2008. The notification said the CNRC determined that her property in the city of Somoto, northern Nicaragua, was subject to Decree 3. The notification stated that this decision overrides a September 21, 1995, CNRC resolution that returned the property to her. Mrs. Guillen's family sold the property in June 2008 and the new owner has a clear title to the land. The Assistant Attorney General in Somoto recently filed a lawsuit against Mrs. Guillen for selling "state-owned property" and has threatened to evict the new owner.

5. (SBU) In October 2008, post reported that nine resolved claims belonging to U.S. citizen Jose Arguello Cardenal were listed on the Attorney General's website as Decree 38 dismissals (Ref B). Mr. Arguello Cardenal told us that he had sold six of the nine properties and worried about possible legal action from his buyers should the GON insist on the return of the property. He filed a suit in civil court in October 2008 to request that the Attorney

General's Office remove his properties from the list of dismissed claims. During October, November, and December 2008 Property Working Group meetings, CNRC President Jeanette Garcia insisted that the listing of Arguello Cardenal's claims was a mistake. Notwithstanding, the Attorney General's Office has not yet removed the properties from its website.

BROKEN PROMISE

¶6. (SBU) During the bilateral review of Nicaragua's property claims resolution process on December 11-12, 2008, Attorney General Estrada promised that he would not review previously settled claims, including those cases that were Decree 3 and 38 dismissals but subsequently resolved in favor of U.S. claimants. To date, we have not recognized these dismissals because they have not been accompanied by due process and the dismissals have not been properly substantiated.

COMMENT

¶7. (SBU) The GON's actions to "reconfiscate" U.S. citizen properties are a serious setback to our effort to resolve cases. We believe that more "reconfiscation" notices are on the way. We will raise the issue with Attorney General Estrada during the Ambassador's mid-year review, which we are seeking in March.

CALLAHAN